



**Testimony
Betsy Gara
Executive Director
Connecticut Council of Small Towns
Before the Planning & Development Committees
March 14, 2014**

Re: HB-5510 - AN ACT PROVIDING A LIMITED PROPERTY TAX EXEMPTION FOR HOMES UNDER CONSTRUCTION.

The Connecticut Council of Small Towns (COST) *opposes* **HB-5510** which would eliminate a critical source of revenue that municipalities have collected – and relied upon – for years.

HB-5510 would force towns to provide a property tax exemption for homes under construction until one year after a building permit is issued, a certificate of occupancy is issued or the home is sold, whichever is later.

Municipalities have always assessed property taxes on partially-completed construction consistent with current law which requires all real estate assessments to be based on “fair market value”. Assessors have determined the fair market value of a lot by including the value of partially completed construction.

Under Section 12-53a C.G.S., assessors are required to prorate any assessment increase due to new construction completed. The prorated assessment is calculated either from the date a Certificate of Occupancy is signed by the Building Inspector or from the date the property is first used for its intended purpose. This is certainly equitable inasmuch as a lot with partially completed construction will generally have a greater fair market value than a vacant lot.

Under HB-5510, however, will allow property owners to avoid paying any property taxes on homes under construction for what could be amount to years. For example, a builder could postpone obtaining a certificate of occupancy by waiting to comply with just a minor code requirement until the house is actually sold, thereby avoiding paying taxes on the improvements.

By eliminating this revenue, HB-5510 will place an untenable burden on small towns by reducing their grand list – which in many cases has seen limited or no growth in this economy – and by reducing revenues.

COST adamantly opposes this bill and urges its rejection.

COST is an advocacy organization committed to giving small towns a strong voice in the legislative process. Its members are Connecticut towns with populations of less than 30,000. COST champions the major policy needs and concerns of Connecticut's suburban and rural towns.

Connecticut Council of Small Towns
1245 Farmington Ave., 101
West Hartford, CT 06107
Tel. 860-676-0770; bgara@ctcost.org
www.ctcost.org